

Summary of Consolidated Financial Results For the Fiscal Year Ended March 31, 2018 [Japan GAAP]

Company: Asunaro Aoki Construction Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange (First Section)
 Stock code: 1865
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 Date of Ordinary shareholders Meeting: June 20, 2018 (tentative)
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 Supplementary explanatory documents: Yes (for analysts)
 Earnings presentation: Yes (for analysts)

(Yen in millions, rounded down, figures in parentheses indicate negative amounts or percentages)

1. Consolidated results of operations for the year ended March 2018 (April 1, 2017 – March 31, 2018)

(1) Consolidated result of operations (Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 3/2018	153,427	11.2	7,663	2.7	7,652	2.7	5,351	32.2
FY 3/2017	137,936	(1.0)	7,463	27.3	7,448	26.2	4,048	5.0

Note: Comprehensive income: FY3/18: 5,567 million yen 33.4% FY3/17: 4,173 million yen 4.5%

	Earnings per share	Earnings per share (diluted)	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY 3/2018	96.10	—	8.4	7.1	5.0
FY 3/2017	72.14	—	6.8	7.2	5.4

(Reference) Share of profit (loss) of entities accounted for using equity method: FY3/18: - million yen
 FY3/17: - million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY 3/2018	108,720	65,230	60.0	1,178.85
FY 3/2017	108,286	61,542	56.8	1,096.20

(Reference) Shareholders' equity: FY3/18: 65,204 million yen FY3/17: 61,514 million yen

(3) Consolidated cash flow position

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY 3/2018	(2,722)	(1,485)	(2,020)	21,588
FY 3/2017	3,782	(935)	(1,136)	27,816

2. Dividends

	Dividend per share					Total Dividends (Annual)	Dividend payout ratio (Consolidated)	Dividend-to-equity ratio (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY 3/2017	—	0.00	—	20.00	20.00	1,122	27.7	1.9
FY 3/2018	—	0.00	—	22.00	22.00	1,216	22.9	1.9
FY 3/2019 (Est.)	—	0.00	—	22.00	22.00		22.5	

3. Consolidated forecast for the fiscal year ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(Percentage figures represent year on year changes)

	Orders received		Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	67,000	(8.8)	70,000	(1.3)	2,100	(36.4)	2,100	(36.2)	1,400	(32.7)	25.31
Full year	160,000	7.7	157,000	2.3	7,700	0.5	7,700	0.6	5,400	0.9	97.63

* **Notes**

(1) Changes in significant subsidiaries (Changes of specific subsidiaries that accompanies scope change of consolidation): No

(2) Changes in accounting principles and estimates, and retrospective restatement

(a) Changes due to revision of accounting standards: No

(b) Changes other than (a): No

(c) Changes in accounting estimates: No

(d) Retrospective restatement: No

(3) Number of shares outstanding (ordinary shares)

(a) Shares outstanding (including treasury stock)

As of March 31, 2018: 59,100,000 As of March 31, 2017: 59,100,000

(b) Treasury shares

As of March 31, 2018: 3,787,946 As of March 31, 2017: 2,983,946

(c) Average number of shares

Period ended March 31, 2018: 55,689,723 Period ended March 31, 2017: 56,116,149

(Reference) Outline of non-consolidated results

1. Non-consolidated results of operations for the year ended March 2018 (April 1, 2017 – March 31, 2018)

(1) Non-consolidated result of operations (Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY3/18	87,292	7.5	4,003	(3.0)	5,084	(3.5)	3,455	(0.8)
FY3/17	81,191	3.1	4,127	35.7	5,270	31.1	3,481	14.8

	Net Income per share	Diluted Net Income per share
	yen	yen
FY3/18	62.05	-
FY3/17	62.05	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY3/18	73,460	49,759	67.7	899.61
FY3/17	75,018	48,059	64.1	856.43

(Reference) Shareholders' equity: FY3/18: 49,759 million yen FY3/17: 48,059 million yen

2. Non-consolidated forecast for the fiscal year ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(Percentage figures represent year on year changes)

	Orders received		Net sales		Operating income		Ordinary income		Net income		Net earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	37,000	(9.1)	39,000	(4.6)	800	(59.1)	2,400	(20.7)	2,100	(11.3)	37.97
Full year	96,000	7.1	91,000	4.2	4,100	2.4	5,700	12.1	4,200	21.6	75.93

* Auditing of financial statements is not conducted to this Summary of Financial Results.

* Cautionary statement regarding forecasts and special notes

(Note on forward looking statements)

Forward-looking statements in these materials are based on the information available to management at the time this report was prepared. Actual results may differ significantly from these statements for number of reasons.

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1. Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheet

(Million yen)

	Fiscal year ended March 2017 (As of March 31, 2017)	Fiscal year ended March 2018 (As of March 31, 2018)
ASSETS		
Current assets		
Cash and deposits	27,816	21,588
Notes receivable, accounts receivable from completed construction contracts and other	54,601	61,749
Real estate for sale	2,308	2,984
Costs on uncompleted construction contracts	149	137
Costs on real estate business	3,296	603
Deferred tax assets	1,002	1,605
Accounts receivable	7,033	6,450
Other	819	956
Allowance for doubtful accounts	(382)	(267)
Total current assets	96,645	95,808
Noncurrent assets		
Tangible Assets		
Buildings and structures, net	710	747
Machinery, vehicles, tools, furniture and fixtures, net	704	794
Vessels, net	651	1,595
Land	3,618	3,618
Lease assets, net	124	107
Construction in progress	505	4
Total Tangible assets	6,315	6,868
Intangible assets	201	373
Investments and other assets		
Investment securities	3,619	4,016
Long-term loans receivable	6	5
Deferred tax assets	676	851
Long-term accounts receivable	698	94
Other	975	948
Allowance for doubtful accounts	(853)	(246)
Total investments and other assets	5,123	5,669
Total noncurrent assets	11,640	12,911
Total assets	108,286	108,720

(Million yen)

	Fiscal year ended March 2017 (As of March 31, 2017)	Fiscal year ended March 2018 (As of March 31, 2018)
LIABILITIES		
Current liabilities		
Accounts payable for construction contracts	22,594	23,340
Income taxes payable	2,304	903
Advances received on uncompleted construction contracts	6,413	3,633
Provision for warranties for completed construction	568	447
Provision for loss on construction contracts	58	175
Provision for bonuses	1,580	1,504
Provision for loss by disaster	385	240
Other	3,632	4,342
Total current liabilities	37,539	34,586
Noncurrent liabilities		
Deferred tax liabilities	215	215
Retirement allowances	8,436	8,210
Provision for special repairs of vessels	91	52
Other	460	424
Total noncurrent liabilities	9,204	8,903
Total liabilities	46,744	43,489
NET ASSETS		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	23,766	23,766
Retained earnings	34,492	38,722
Treasury shares	(1,921)	(2,674)
Total shareholders' equity	61,337	64,813
Accumulated other comprehensive income		
Valuation differences on available-for-sales securities	508	643
Revaluation reserve for land	48	48
Remeasurements of retirement allowance plans	(380)	(300)
Total accumulated other comprehensive income	176	390
Non-controlling interests	27	26
Total net assets	61,542	65,230
Total liabilities and net assets	108,286	108,720

(2) Consolidated statements of income and comprehensive income
Consolidated statements of income

(Million yen)

	Fiscal year ended March 2017 (April 1, 2016-March 31, 2017)	Fiscal year ended March 2018 (April 1, 2017-March 31, 2018)
Net sales		
Net sales of completed construction contracts	136,785	148,849
Sales on real estate business	1,150	4,577
Total net sales	137,936	153,427
Cost of sales		
Cost of sales of completed construction contracts	120,603	133,156
Cost of sales on real estate business	1,066	4,055
Total cost of sales	121,669	137,212
Gross profit		
Gross profit on completed construction contracts	16,182	15,692
Gross profit-real estate business	84	522
Total gross profit	16,266	16,215
Selling, general and administrative expenses	8,803	8,552
Operating profit (loss)	7,463	7,663
Non-operating income		
Interest income	0	1
Dividend income	38	49
Other	29	18
Total non-operating income	68	70
Non-operating expenses		
Interest expense	80	74
Other	2	6
Total non-operating expenses	83	80
Ordinary profit (loss)	7,448	7,652
Extraordinary income		
Gain on sales of noncurrent assets	0	17
Gain on sales of investment securities	—	5
Total extraordinary income	0	22
Extraordinary losses		
Impairment loss	294	—
Settlement package	—	950
Loss on disaster	403	126
Other	36	69
Total extraordinary losses	733	1,146
Profit (loss) before income taxes	6,715	6,528
Income taxes-current	2,936	2,017
Income taxes-deferred	(275)	(841)
Total income taxes	2,661	1,175
Profit (loss)	4,054	5,352
Profit (loss) attributable to non-controlling interests	5	1
Profit (loss) attributable to owners of parent	4,048	5,351

Consolidated statements of comprehensive income

(Million yen)

	Fiscal year ended March 2017 (April 1, 2016-March 31, 2017)	Fiscal year ended March 2018 (April 1, 2017-March 31, 2018)
Profit (loss)	4,054	5,352
Other comprehensive income		
Valuation difference on available-for-sale securities	17	134
Remeasurements of defined benefit plans	101	79
Total other comprehensive income	119	214
Comprehensive income	4,173	5,567
(This splits into...)		
Comprehensive income attributable to owners of parent	4,167	5,566
Comprehensive income attributable to non-controlling interests	5	1

(3) Consolidated statements of cash flow

(Million yen)

	Fiscal year ended March 2017 (April 1, 2016-March 31, 2017)	Fiscal year ended March 2018 (April 1, 2017-March 31, 2018)
Cash flows from operating activities		
Profit (loss) before income taxes	6,715	6,528
Depreciation	607	606
Increase (decrease) in allowance for doubtful accounts	102	(721)
Increase (decrease) in provision for warranties for completed construction	15	(121)
Increase (decrease) in provision for loss on construction contracts	58	116
Increase (decrease) in provision for bonuses	(24)	(76)
Increase (decrease) in provision for special repairs of vessels	16	(39)
Increase (decrease) in net defined benefit liability	275	(146)
Interest and dividend income	(38)	(51)
Interest expenses	80	74
Loss (gain) on sales of property, plant and equipment	(0)	(6)
Loss (gain) on sales of investment securities	—	(5)
Impairment loss	294	—
Increase (decrease) in provision for loss on disaster	385	112
Loss on disaster	17	14
Decrease (increase) in notes and accounts receivable from completed construction	(3,511)	(7,147)
Decrease (increase) in long term accounts receivable	130	603
Decrease (increase) in inventories	(1,648)	2,028
Increase (decrease) in notes and accounts payable	4,011	745
Increase (decrease) in advances received on uncompleted construction contracts	893	(2,780)
Decrease (increase) in accounts receivable	(5,182)	771
Decrease/increase in consumption taxes receivable/payable	1,404	(490)
Others, net	1,301	1,047
Subtotal	5,905	1,063
Interest and dividend income received	38	51
Interest expenses paid	(80)	(74)
Income taxes paid	(2,064)	(3,490)
Payments for loss on disaster	(17)	(272)
Cash flows from operating activities	3,782	(2,722)
Cash flows from investing activities		
Purchase of property, plant and equipment	(866)	(1,135)
Proceeds from sales of property, plant and equipment	20	50
Purchase of intangible assets	(70)	(203)
Purchase of investment securities	(9)	(270)
Proceeds from sales of investment securities	—	73
Others, net	(9)	(0)
Cash flows from investing activities	(935)	(1,485)
Cash flows from financing activities		
Repayments of lease obligations	(125)	(141)
Cash dividends paid	(1,009)	(1,122)
Dividends paid to non-controlling interests	(1)	(2)
Purchase of treasury shares	(0)	(754)
Cash flows from financing activities	(1,136)	(2,020)
Net increase (decrease) in cash and cash equivalents	1,710	(6,228)
Cash and cash equivalents at the beginning of period	26,106	27,816
Cash and cash equivalents at the end of period	27,816	21,588

2. Non-consolidated Financial Statements and Major Notes

(1) Non-consolidated balance sheet

(Million yen)

	Fiscal year ended March 2017 (As of March 31, 2017)	Fiscal year ended March 2018 (As of March 31, 2018)
ASSETS		
Current assets		
Cash and deposits	13,693	12,492
Notes receivable-trade	80	13
Electronically recorded monetary claims - operating	2,193	1,593
Accounts receivable from completed construction contracts	34,686	36,851
Real estate for sale	1,809	2,641
Costs on uncompleted construction contracts	49	52
Costs on real estate business	3,296	603
Deferred tax assets	520	971
Accounts receivable	3,248	4,692
Other	292	286
Allowance for doubtful accounts	(257)	(123)
Total current assets	59,614	60,074
Noncurrent assets		
Tangible Assets		
Buildings	1,321	1,354
Accumulated depreciation	(992)	(1,030)
Buildings, net	328	323
Structures	74	74
Accumulated depreciation	(70)	(70)
Structures, net	3	3
Machinery and equipment	848	850
Accumulated depreciation	(687)	(734)
Machinery and equipment, net	161	115
Vehicles	12	12
Accumulated depreciation	(12)	(12)
Vehicles, net	0	0
Tools, furniture and fixtures	345	388
Accumulated depreciation	(239)	(285)
Tools, furniture and fixtures, net	106	102
Land	1,836	1,836
Leased assets	11	11
Accumulated depreciation	(1)	(3)
Lease assets, net	9	7
Construction in progress	4	2
Total Tangible assets	2,451	2,392
Intangible assets	122	227

(Million yen)

	Fiscal year ended March 2017 (As of March 31, 2017)	Fiscal year ended March 2018 (As of March 31, 2018)
Investments and other assets		
Investment securities	2,844	3,065
Shares of subsidiaries and associates	8,885	6,860
Long-term loans receivable	6	5
Deferred tax assets	501	269
Lease and guarantee deposits	670	669
Long-term accounts receivable	654	55
Other	67	37
Allowance for doubtful accounts	(798)	(195)
Total investments and other assets	12,830	10,766
Total noncurrent assets	15,404	13,386
Total assets	75,018	73,460
LIABILITIES		
Current liabilities		
Accounts payable for construction contracts	12,062	11,821
Lease obligations	2	2
Accrued consumption taxes	549	104
Income taxes payable	1,752	116
Advances received on uncompleted construction contracts	5,000	2,649
Deposits received	1,102	1,672
Provision for warranties for completed construction	74	82
Provision for loss on construction contracts	50	149
Provision for bonuses	870	751
Other	499	1,474
Total current liabilities	21,963	18,823
Noncurrent liabilities		
Lease obligations	7	5
Provision for retirement benefits	4,817	4,695
Other	171	178
Total noncurrent liabilities	4,995	4,878
Total liabilities	26,959	23,701
NET ASSETS		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus		
Legal capital surplus	23,766	23,766
Total legal capital surplus	23,766	23,766
Retained earnings		
Legal retained earnings	500	500
Other retained earnings		
General reserve	14,500	14,500
Retained earnings brought forward	5,743	8,076
Total Retained earnings	20,743	23,076
Treasury shares	(1,921)	(2,674)
Total shareholders' equity	47,588	49,168
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	471	591
Total valuation and translation adjustments	471	591
Total net assets	48,059	49,759
Total liabilities and net assets	75,018	73,460

(2) Non-consolidated statements of income and comprehensive income
Non-consolidated statements of income

(Million yen)

	Fiscal year ended March 2017 (April 1, 2016-March 31, 2017)	Fiscal year ended March 2018 (April 1, 2017-March 31, 2018)
Net sales		
Net sales of completed construction contracts	80,048	82,847
Sales on real estate business	1,143	4,444
Total net sales	81,191	87,292
Cost of sales		
Cost of sales of completed construction contracts	71,161	74,835
Cost of sales on real estate business	948	3,910
Total cost of sales	72,110	78,746
Gross profit		
Gross profit (loss) on completed construction contracts	8,886	8,012
Gross profit (loss) on real estate business	194	533
Total gross profit	9,081	8,546
Selling, general and administrative expenses		
Directors' compensations	222	263
Employees' salaries and allowances	1,895	2,035
Provision for Bonuses and allowance	320	282
Retirement payments	150	151
Legal welfare expenses	397	411
Welfare expenses	41	91
Repair and maintenance	12	10
Stationery expenses	88	101
Correspondence and transportation expenses	166	170
Power utilities expenses	19	19
Research study expenses	381	390
Advertising expenses	35	50
Provision of allowance for doubtful accounts	193	(441)
Entertainment expenses	19	26
Contribution	10	5
Rents	325	316
Depreciation	77	92
Taxes and dues	329	266
Insurance expenses	4	4
Miscellaneous expenses	261	292
Total Selling, general and administrative expenses	4,953	4,542
Operating income	4,127	4,003
Non-operating income		
Interest income	0	1
Dividend income	1,169	1,106
Other	22	16
Total non-operating income	1,192	1,124
Non-operating expenses		
Interest expense	48	42
Other	1	1
Total non-operating expenses	49	43
Ordinary income (loss)	5,270	5,084

(Million yen)

	Fiscal year ended March 2017 (April 1, 2016-March 31, 2017)	Fiscal year ended March 2018 (April 1, 2017-March 31, 2018)
Extraordinary losses		
Settlement package	—	950
Other	21	50
Total extraordinary losses	21	1,000
Income before income taxes	5,249	4,084
Income taxes-current	2,059	900
Income taxes-deferred	(292)	(272)
Total income taxes	1,767	628
Net income	3,481	3,455

3. Orders received, net sales and Contract backlogs

(1) Consolidated

(Million yen, %)

		Fiscal year ended March 2017		Fiscal year ended March 2018	
		(April 1,2016 - March 31,2017)		(April 1,2017 - March 31,2018)	
		Amount	Share	Amount	Share
Orders received	Architecture	47,327	29.4	38,363	25.8
	Civil engineering	112,694	69.9	105,676	71.1
	Total construction	160,022	99.3	144,039	96.9
	Real estate	1,150	0.7	4,577	3.1
	Total	161,172	100.0	146,617	100.0
Net sales	Architecture	45,204	32.8	40,811	26.6
	Civil engineering	91,580	66.4	108,037	70.4
	Total construction	136,785	99.2	148,849	97.0
	Real estate	1,150	0.8	4,577	3.0
	Total	137,936	100.0	153,427	100.0

(2) Non-consolidated

(Million yen, %)

			Fiscal year ended March 2017		Fiscal year ended March 2018	
			(April 1,2016 - March 31,2017)		(April 1,2017 - March 31,2018)	
			Amount	Share	Amount	Share
Orders received	Architecture construction	Public	9,529		9,508	
		Private	35,426		27,191	
	Subtotal		44,955	48.6	36,699	41.0
	Civil engineering	Public	27,059		19,394	
		Private	19,473		29,079	
	Subtotal		46,533	50.2	48,474	54.0
	Total construction	Public	36,588		28,902	
		Private	54,900		56,271	
	Total		91,489	98.8	85,173	95.0
	Real estate	Public	-		-	
		Private	1,143		4,444	
	Total		1,143	1.2	4,444	5.0
	Total	Public	36,588		28,902	
		Private	56,044		60,715	
	Total		92,632	100.0	89,618	100.0

(Million yen, %)

			Fiscal year ended March 2017		Fiscal year ended March 2018	
			(April 1,2016 - March 31,2017)		(April 1,2017 - March 31,2018)	
			Amount	Share	Amount	Share
Net sales	Architecture	Public	19,215		14,450	
		Private	23,612		24,605	
	Subtotal		42,827	52.8	39,056	44.8
	Civil engineering	Public	27,735		27,831	
		Private	9,485		15,960	
	Subtotal		37,220	45.8	43,791	50.2
	Total construction	Public	46,950		42,281	
		Private	33,097		40,565	
	Total		80,048	98.6	82,847	95.0
	Real estate	Public	-		-	
		Private	1,143		4,444	
	Total		1,143	1.4	4,444	5.0
	Total		46,950		42,281	
		34,240		45,010		
		81,191	100.0	87,292	100.0	
Contract backlogs	Construction Business	Architecture	47,908	42.1	45,552	39.2
		Civil engineering	65,989	57.9	70,672	60.8
	Subtotal		113,898	100.0	116,224	100.0
	Real estate		-	-	-	-
	Total		113,898	100.0	116,224	100.0

Disclaimer: All financial information has been prepared in accordance with generally accepted accounting principles in Japan. This document is a partial English translation of the Japanese Financial Statements which were filed with Stock Exchanges in Japan on May 10, 2018. The Company provides this translation for your reference and convenience only without any warranty as to its accuracy. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail